

Addendum to Loan Consolidation Application and Promissory Note

Effective for Applications Received on or after October 1, 1998

Some of the terms of the Federal Family Education Loan Program (FFELP) Consolidation Loan described in the promissory note and application have been changed by federal laws and regulations. The new terms are described in this Addendum and supersede any contrary provisions in the Loan Consolidation Application and Promissory Note. These new terms apply to your loan as described below.

You are receiving a loan that must be repaid.

Changes Affecting Federal Consolidation Loans

Borrower Eligibility

1. If you and your spouse each hold eligible loans and if you agree to be held jointly and severally liable for repayment without regard to the amount of your individual indebtedness and any future change in your marital status, your eligible individual loans can be consolidated into a single Federal Consolidation Loan. If you and your spouse want to consolidate loans, a "Spouse Addendum" must be completed. Contact the Consolidation Lender for more information.
2. Any loans made prior to the date this Consolidation Loan is made, but not originally included in the Consolidation Loan may be added by making a request during the 180 days immediately following the date of consolidation. Any loans made within 180 days following the date of the consolidation may also be added to the consolidation loan at your request. After that 180 day period, you may not request that additional loans be added to this Consolidation Loan. However, if you obtain new loans after the date of consolidation, you may include those loans along with any other outstanding eligible loans in a new Consolidation Loan, whether or not they are made within 180 days of the consolidation.
3. If you have loans in default status on which a court has issued a judgment against you or upon which a wage garnishment order has been issued, you are not eligible for consolidation.

Eligible Loans

4. You may consolidate the loans detailed in the Promissory Note with eligible Federal PLUS (Parent) Loans, Federal Nursing Student Loans, Health Education Assistance (HEAL) Loans, and loans made under the Federal Direct Loan Program.
5. If any of the loans you plan to consolidate are in default, contact your Consolidation Lender. If you are in default on a loan you wish to consolidate, you must have made satisfactory payment arrangements with the holder of that loan or agree to repay the Consolidation Loan under an income-sensitive repayment schedule. If you have any defaulted loans you do not plan to consolidate, you must notify your Consolidation Lender.

Repayment Terms

6. The maximum length of the Consolidation Loan repayment period, as determined by the combined total amount of your Federal Consolidation Loan and other education loan debts (public or private higher education loan programs; personal loans cannot be considered), is:

Less than \$7,500.00	= 10 years
\$ 7,500.00 to \$ 9,999.99	= 12 years
\$10,000.00 to \$19,999.99	= 15 years
\$20,000.00 to \$39,999.99	= 20 years
\$40,000.00 to \$59,999.99	= 25 years
\$60,000.00 and above	= 30 years

Continued

Loan Consolidation Addendum, continued

7. Your Consolidation Lender must offer you the choice of repaying the loan under a graduated, or income-sensitive repayment schedule. If you do not select a plan, the lender will require you to repay the loan under a standard repayment plan. If all of your loans are with the same holder, and that holder is unable to provide you with an income-sensitive repayment schedule on the Federal Consolidation Loan (you must have sought and certify that you have been unable to secure such a repayment schedule), you may obtain a Federal Consolidation Loan from another lender. If your FFELP loans are with multiple holders, you may request a Federal Consolidation Loan from any eligible lender.

Alternatively, if you are a FFELP borrower and have not borrowed under the Federal Direct Loan Program and you are unable to secure a Consolidation Loan from an eligible lender or cannot secure a Consolidation Loan with income-sensitive terms acceptable to you, you may obtain a Consolidation Loan from the U.S. Department of Education.

Interest Rates

8. Except for the portion of the Federal Consolidation Loan attributable to HEAL, the interest rate on your Consolidation Loan is a fixed rate for the term of the loan and is based on the weighted average of the interest rates of the loans being consolidated (excluding any HEAL loans), rounded up to the nearest 1/8th percent or 8.25 percent, whichever is less.

For the portion of the Federal Consolidation Loan attributable to HEAL (if applicable), the interest rate is a variable interest rate and is adjusted annually on July 1. The variable rate for each 12 month period will be equal to the average of the bond equivalent rates of the 91-day Treasury Bills auctioned for the quarter ending June 30, plus 3.0 percent. The 8.25% interest rate cap does not apply.

Deferments

9. If on the date your Consolidation Loan is made, you have no other outstanding Federal Family Education Loans, deferments are available for the following situations:
- Enrollment of at least half-time in a course of study as determined by an eligible school.
 - Pursuing a graduate fellowship program or a rehabilitation training program for individuals with disabilities, provided the program is approved by the U.S. Department of Education.
 - Up to three years, if seeking and unable to find full-time employment.
 - Up to three years, for any reason that your lender determines (in accordance with regulations) has caused or will cause an economic hardship.
10. If on the date your Consolidation Loan is made, you have outstanding Federal Family Education Loans, the deferment options available to you for the Consolidation Loan will be based on the deferment provisions which are in effect for the oldest outstanding FFELP loan. Contact your Consolidation Lender for more information on this point.
11. The Federal government will pay interest that accrues during deferment on that portion of the Consolidation Loan that repays subsidized Federal Stafford Loans, or subsidized Federal Direct Stafford Loans. You will be responsible for interest that accrues during deferment on the portion of the Consolidation Loan that repays other loan types.

NOTE: If you have any questions regarding these provisions contact: